

**Key Features Senate Bills 29 and 30
As Amended by the Senate Finance Committee
(February 21, 2016)**

Public Education (K-12)

- Fully funds re-benchmarking and, excluding the technical adjustments, adds \$21.5 million GF above the budget as introduced, for a total increase of \$876.0 million GF over the two-year budget.
- Includes state support for a 2% teacher salary increase, effective December 2016.
- Endorses the acceleration of the schedule for phasing-in to 100 percent of the retirement system employer contribution rates.
- In lieu of a mandate to hire new on-going positions, provides a total of \$120.6 million in FY 2018 for flexible Additional Support for Classroom Needs, including one-time uses.
- Reflects an additional \$20.3 million in projected Lottery Proceeds due to the recent record-setting Powerball jackpot drawings.
- Includes \$6.5 million per year above FY 2016 in additional At-Risk Add-On funding targeted most at the school divisions with the greatest concentrations of students in poverty.
- Includes \$16 million each year for the support cost of competing adjustment for certain Northern Virginia school divisions.

- Maintains \$6.9 million for early childhood workforce scholarships and coursework through community colleges and for mixed delivery partnerships for preschool, via the Virginia Early Childhood Foundation.
- Adds \$5.8 million to re-benchmark the per pupil amount cost for the Virginia Preschool Initiative for students from economically disadvantaged families.
- Maintains the \$5.7 million for the statewide network of Governor's Schools that serve gifted students.
- Provides \$5.0 million for specialized equipment for career and technical education and industry credentials.
- Adds \$4.3 million in FY 2018 to begin multi-year Teacher Improvement Grants to help initiate more business-like teacher compensation systems.
- Adds \$700,000 for executive leadership recruitment incentives for Petersburg Schools.

Higher Education

- Includes \$50.0 million which was proposed in the introduced budget for operating funds to support access and completion.
- Adds \$23.6 million for operations and maintenance funding for new facilities coming on-line during the next two years, to help keep tuition and fee increases low.
- Accepted the Governor's proposal to allocate \$48.2 million for need-based undergraduate financial aid and adds an additional \$10.1 million for graduate financial aid.

- Provides \$13.0 million for the New Economy Workforce Credential Program for the cost of students completing high-need certification programs in the Virginia Community College System. And, includes \$6.0 million for workforce equipment plus \$2.1 million for a veterans' portal, marketing, and administration of this program.
- Provides \$30.5 million for grants to recruit high-performing researchers and \$65.0 million in bond proceeds for laboratory renovations and equipment, for the Higher Education Research Initiative.
- Includes \$29.5 million GF for a two-percent faculty salary increase, effective December 1, 2016.

Other Education

- Includes planning for the 400th anniversary in 2019 of four landmark events in Virginia and our nation's history. Funding includes \$9.0 million over the biennium for a partnership with the Virginia Tourism Corporation, including kick-off events, education outreach, and advertising.
- Adds \$2.0 million for aid to public libraries for summer reading programs and STEM (science, technology, engineering, and mathematics) materials.

Economic Development

- Provides \$121.9 million for economic development incentive payments.
- Includes \$38.9 million to establish GO Virginia, an initiative to foster economic growth and job creation through meaningful

regional collaboration among business, education and government.

- Provides \$2.0 million for the Virginia Business Ready Sites pilot program to support development of industrial sites of 100 acres or more across the Commonwealth.
- Provides deposits of \$6.0 million each year for the Housing Trust Fund.
- Includes \$8.0 million for the Governor's Motion Picture Opportunity Fund, \$1.0 million more each year than was proposed in the Governor's introduced budget.

Agriculture, Forestry and Natural Resources

- Provides \$61.7 million in FY 2017 for agricultural best management practices to control nonpoint source water pollution.
- Dedicates \$57.0 million in bond proceeds to reimburse localities for investments in wastewater treatment plants.
- Provides \$20.0 million in bonds for the Stormwater Local Assistance Fund for grants to support local water quality projects.
- Provides \$4.3 million in additional funding to maintain and repair high-hazard dams.
- Provides a total of \$3.6 million for reforestation of timberlands.
- Provides \$750,000 to establish the Farm Business Development Programs to provide micro-grants to agricultural businesses for market planning and outreach.

- Reduces all general fund supported land acquisition programs by \$10 million in each year.

Health and Human Resources

- Provides a net increase of \$20.1 million GF (excluding the impact of reversing Medicaid Expansion) above the introduced budget for the Office of Health and Human Resources, including \$87.4 million GF in new spending offset by \$67.3 million GF in proposed savings.
- A hospital provider assessment is not included.
- The plan to begin the process to close Catawba Hospital in the introduced budget was not adopted, so funding is redirected for a broader study to determine the best model of care for geriatric individuals with psychiatric conditions.
- Restores \$65.1 million in total funds (\$32.3 million GF) for Virginia hospitals to offset a reduction of \$94.2 million in total funds (\$47.7 million GF) included in the introduced budget.
- Restores \$25.4 million in total funds (\$12.7 million GF) for Virginia nursing homes, to completely offset the reduction included in the introduced budget.
- Provides \$15.0 million GF to enhance the continuum of mental health services available in the Commonwealth. This initiative includes:
 - \$2.9 million GF to add three Program for Assertive Community Treatment (PACT) teams that provide supportive services to individuals that are hard to serve

in the community, increasing the statewide total from 22 to 25 teams;

- \$2.5 million GF to increase access to child psychiatry and children's crisis response; and,
- \$2.4 million GF for permanent supportive housing to provide support services for 150 individuals with mental illness who are living in the community.
- Approved \$11.0 million GF (which was included in the introduced budget) to enhance substance use disorder (SUD) services in the Medicaid program. This will address the opioid crisis by improving treatment for persons with mental illness who frequently have co-occurring substance use issues.
- Adds \$6.3 million GF to add 400 Developmental Disability waiver slots in FY 2017 for individuals currently receiving other waiver services.
- Adds \$4.2 million GF or \$8.4 million in total funds for a one percent increase in FY 2018 for individuals that provide personal care services to vulnerable disabled individuals residing in the community.
- Adds \$3.1 million GF to increase services for people with disabilities including:
 - \$1.0 million for long-term employment support services to enable individuals with disabilities to work in the community;
 - \$1.0 million for individuals with brain injuries who need assistance with daily living;
 - \$850,000 to restore funding for Centers for Independent Living; and,

- \$200,000 to provide independent living services for the blind and visually impaired.
- Reflects savings of \$26.9 million GF in FY 2018 from the federal budget action that suspended the insurance tax on health insurance companies for one year. The Commonwealth pays this through rates to the Medicaid managed care companies.
- Incorporates other savings from prioritizing spending in the introduced budget, including:
 - A reduction of \$18.9 million GF by requiring that personal care workers be paid for no more than 40 hours per week. A recent federal court ruling reinstated a U.S. Department of Labor regulation that requires states to pay overtime for personal care workers employed directly by the consumer. The budget as introduced imposed a limit of 16 hours of overtime each week.

Transportation

- Directs \$25.0 million in FY 2017 and \$25.0 million in FY 2018 from undesignated Priority Transportation Fund revenues to the Metropolitan Washington Airports Authority to lower enplanement costs, contingent upon approval terms of the MEI Project Approval Commission.
- Provides \$47.0 million in FY 2017 and \$88.0 million in FY 2018 from undesignated Priority Transportation Fund revenues, in addition to \$215.0 million in state supported debt, to the Virginia Port Authority for automation of the Norfolk International Terminal, contingent upon approval terms of the MEI Project Approval Commission.

- Restores annual Payments in lieu of Taxes to host cities of the Virginia Port Authority to the pre-recession level of \$1.0 million each year.
- Dedicates \$140.0 million in federal highway funding to construction of new lanes on Interstate 66 inside the Beltway to ensure that additional lane capacity exists prior to any new tolls being levied.
- Dedicates \$31.0 million in undesignated Commonwealth Project Revenue bond proceeds to strategic investments in improving access to military facilities in Hampton Roads, including:
 - \$8.6 million for replacement of the Paradise Creek Bridge to improve access to the Norfolk Naval Shipyard; and,
 - \$22.5 million for planning and design of improvements to the Fort Eustis Boulevard/Interstate 64 interchange in Newport News.
- Provides additional transparency in the operation of toll facilities by requiring all public and private sector toll road operators to make data available each year on toll violations, penalties and fees levied.
- Provides up to \$3.0 million to address operating shortfalls in Northern Virginia transit agencies resulting from declining fuels tax revenues.
- Provides the Hampton Roads Transportation Accountability Commission with the authority to make final project-related decisions to any project funded with the revenues of the Hampton Roads Transportation Fund.
- Ensures that any future Intercity Passenger Rail commitments are not funded until existing commitments are met, and that in planning the extension of service to Roanoke all potential

passenger stops in small urban areas are evaluated, including the Town of Bedford.

- Accelerates the planning of the Route 220 detailed alternatives analysis in furtherance of the development of options to the construction of Interstate 73.

Public Safety

- Provides \$4.0 million GF each year in Central Appropriations to address salary compression for State Police employees, subject to a plan to be approved by the Secretary of Public Safety and Homeland Security.
- Provides \$14.6 million GF over two years to add 20 new State Trooper positions at State Police for a new special operations division (with the first two teams to serve in the 4th and 6th Divisions), and 10 new positions to address cyber-crime.
- Restores \$34.6 million GF over two years to reflect the reversal of the Medicaid expansion in the Department of Corrections.
- Incorporates a general fund revenue adjustment, estimated at \$2.6 million each year, associated with a reduction in the rates paid by families of inmates through the prison telephone system operated for the Department of Corrections by GTL, based on the 2015 decision of the Federal Communications Commission to set caps on all inmate calling rates.
- Provides \$6.8 million GF the first year and \$21.7 million the second year (and 255 positions) to open the 500-bed Culpeper Correctional Center for Women (a former juvenile correctional center) as of July 2017.
- Provides \$3.0 million GF each year to fill vacant correctional officer positions to improve prison security.

- Includes \$1.0 million the first year and \$5.4 million the second year for increased inmate medical costs.
- Provides \$2.2 million each year for 11 mental health positions and related programs in district probation offices.
- Includes \$1.6 million each year and 19 positions for pilot jail re-entry programs to assist prisoners returning to the community.
- Adds \$6.7 million GF each year to increase HB 599 state aid to localities consistent with the increase in state revenues.
- Provides \$2.5 million GF each year for six pilot mental health programs in local and regional jails.
- Adds \$0.9 million GF each year and nine positions at the Department of Forensic Science to address the increased workload for analyzing Physical Evidence Recovery Kits in sexual assault cases.
- Includes language authorizing the reallocation of savings from closing a state juvenile correctional center to increased placement of juvenile offenders in community placements. The language also calls for planning for future facilities for juveniles who have committed serious offenses and who also have complex mental health treatment needs.
 - SB 731 provides planning funds for a new secure juvenile facility in the City of Chesapeake that will replace the city's old juvenile detention center and provide state beds for the Hampton Roads region.

Virginia's Court System

- Includes funding for a total of 406 circuit and district court judgeships statewide as of July 1, 2016, based on the judicial workload and staffing study conducted over the past two years by the National Center for State Courts (NCSC).
- Adds \$3.0 million GF each year to increase salaries for district court clerks and deputy clerks, and provide ten new positions, subject to a plan to be approved by the Committee on District Courts.
- Provides \$600,000 the first year and \$960,000 the second year for drug courts in Southwest Virginia that have not previously received state funding for drug courts.

Office of Administration

- Adds \$11.3 million GF in FY 2016 (SB 29) and the same amount in FY 2017 for per diem payments to local and regional jails under the Compensation Board.
- Includes \$3.6 million the first year and \$8.7 million the second year to fund a salary compression plan for sheriffs' offices and regional jails.
- Includes \$3.5 million GF each year for career development for constitutional officers, which provides salary supplements for officers and their deputies who meet certain well-defined performance and educational requirements.

Technology

- Maximizes the economic potential of Virginia's longstanding investments in commercial aerospace on the Eastern Shore by providing \$850,000 for development of a Commercial Center of

Excellence to promote development of unmanned technology companies in the Virginia.

- Strengthens investments in Virginia high-tech entrepreneurs by increasing the total investment in the Growth Accelerator Program to \$4.0 million each year.
- Transfers the funding for the Commonwealth Research Commercialization Fund to the Center for Innovative Technology.
- Provides for a long-term funding strategy for Research Commercialization by authorizing the sale of the CIT Building with the proceeds to be dedicated to the Virginia Research Alliance Fund.

Central Appropriations (Compensation)

- Adds \$47.9 million GF the first year and \$84.8 million the second year to move the proposed two percent salary increase to year one, effective December 1, 2016, for state employees and state-supported local employees, and faculty.
 - Funding for a two percent raise for teachers is budgeted under Direct Aid to Public Education, effective December 1, 2016.
- Includes \$4.0 million GF each year for State Police salary compression adjustments, subject to a plan to be approved by the Secretary of Public Safety and Homeland Security.
- Includes \$11.5 million GF the first year and \$12.0 million the second year to support the accelerated phase-in of employer retirement contributions at 100 percent of the VRS Board-approved rates.

Capital Outlay

- Most of the Senate Finance Committee-endorsed capital outlay actions are included in SB 731, which provides:
 - almost \$1.3 billion in bond proceeds for the construction of 59 projects at higher education institutions and other state agencies;
 - \$39.0 million in bond proceeds for supplements to previously approved projects;
 - \$13.0 million in bond proceeds for equipment for current construction projects nearing completion;
 - \$59.0 million in bond proceeds to reimburse localities for their investments in wastewater treatment; and
 - SB 731 also provides a list of pre-planning and detailed planning projects that may proceed, and references the \$16.0 million from the general fund for this purpose that is appropriated in the budget.
- Major capital outlay actions in the budget include:
 - \$350.0 million to enhance the Norfolk International Terminal under the Port of Virginia (includes \$215.0 million in bond proceeds plus \$135.0 million from other transportation funds);
 - \$65.0 million in bond proceeds to support the Higher Education Research Initiative for laboratory renovations and equipment, to attract high-performing researchers with commercialization experience;

- \$20.0 million in bond proceeds for the Stormwater Local Assistance Fund, to be used to reduce non-point source pollution from stormwater runoff; and,
- An increase of \$1.0 million for Maintenance Reserve, for a total of \$190.4 million, to support the preservation of existing facilities over the biennium.

Resources

- Appropriates an additional net \$45.3 million GF the first year, and \$89.9 million GF the second year in SB 30.
 - Small balance and transfer adjustments plus spending reductions add \$31.2 million to the FY 2016 balance that rolls forward to FY 2017.
 - The bottom line for the official general fund revenue forecast for FY 2016 and the next biennium remains the same as in the budget SB 29 and SB 30, as introduced.
 - Additional GF revenues of \$105.7 million are due to two proposed bills that did not go forward, but whose fiscal impact was assumed in the budget as introduced (corporate income tax reduction and increase in the personal exemption). These measures were linked to the proposal to expand Medicaid, which was not adopted.
 - Other major resource items include transfers of \$15.8 million in additional ABC profits and \$9.1 million in an adjustment to cost recoveries to central service agencies.
- Includes language directing any available revenue surplus in this fiscal year or the next two fiscal years be used to fund authorized capital projects, in lieu of issuing state-backed debt.

- About \$180 million in FY 2016 and in each of the next two years from nonwithholding is not recognized in the official forecast, or “collared”. Collection of these revenues could generate a revenue surplus, which would go toward supplanting debt with general fund cash.
- Assumes an unappropriated balance of \$57.2 million at the end of the next biennium (as of June 30, 2018).